

Senate Engrossed

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SENATE CONCURRENT MEMORIAL 1001

A CONCURRENT MEMORIAL

URGING THE CONGRESS OF THE UNITED STATES TO REPEAL FEDERAL TAX WITHHOLDING ON
CERTAIN PAYMENTS MADE BY GOVERNMENT AGENCIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 To the Congress of the United States of America:

2 Your memorialist respectfully represents:

3 Whereas, section 511 of the Tax Increase Prevention and Reconciliation
4 Act of 2005 imposes on certain governmental agencies the duty to withhold and
5 remit income taxes on certain payments for providers of services or property;
6 and

7 Whereas, many providers of covered transactions may be in marginal
8 businesses with little or no federal income tax liability, thereby forcing an
9 interest-free loan to the federal government by the businesses that can least
10 afford them; and

11 Whereas, section 511 places an undue burden on governmental agencies,
12 creating yet another unfunded mandate to state and local governments; and

13 Whereas, the Internal Revenue Service is barely able to cope with the
14 current level of tracking of withholding payments, much less handle the
15 exponential increase in such payments that section 511 creates; and

16 Whereas, this withholding scheme will inevitably lead to endless
17 disputes between governmental agencies and their service providers over
18 billing and account balances.

19 Wherefore your memorialist, the Senate of the State of Arizona, the House of
20 Representatives concurring, prays:

21 1. That the Congress of the United States repeal section 511 of the
22 Tax Increase Prevention and Reconciliation Act of 2005, codified as section
23 3402(t) of the Internal Revenue Code.

24 2. That the Secretary of State of the State of Arizona transmit copies
25 of this Memorial to the President of the United States, the President of the
26 United States Senate, the Speaker of the United States House of
27 Representatives and each Member of Congress from the State of Arizona.

PASSED BY THE HOUSE APRIL 17, 2007.

PASSED BY THE SENATE JANUARY 22, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 2007.